

AR79

Mr. Scob

File 98

**BASE METALS MINING CORPORATION  
LIMITED**

1965

*Information Booklet*



AR79

# PRESS RELEASE

THE TORONTO STOCK EXCHANGE  
PUBLIC RELATIONS & STATISTICS

FOR IMMEDIATE RELEASE : -

TORONTO - NOVEMBER 4 - THE SHARES OF BASE METALS MINING CORPORATION LIMITED HAVE BEEN SUSPENDED FROM TRADING PENDING INVESTIGATION OF THE RECENT UNUSUAL ACTIVITY IN THE COMPANY'S SHARES.

-30-





## BASE METALS MINING CORPORATION LIMITED

Suite 509 - 25 Adelaide Street West  
Toronto 1, Canada

March 30, 1965.

## TO THE SHAREHOLDERS

A Special General Meeting of the Shareholders of Base Metals Mining Corporation Limited (the "Company") is to be held on Wednesday, April 14, 1965 to consider and, if thought fit:

- (a) To authorize, approve and confirm the execution and delivery of an agreement (the "Share Purchase Agreement") dated as of March 1, 1965 which has been entered into between Louis Edgar Detwiler, Liberian International American Corporation ("Liberian International") and the Company;
- (b) To authorize and approve the payment of U.S. \$300,000 cash and the allotment and issue (subject to escrow) of 1,000,000 shares in the capital stock of the Company (after giving effect to the consolidation of the presently issued and unissued shares of the Company and the increase in the authorized capital of the Company referred to below) as consideration for the purchase by the Company of 450,000 shares of Liberian International, all pursuant to the provisions of the Share Purchase Agreement; and
- (c) To sanction and confirm a by-law providing for the consolidation of the issued and unissued common shares in the capital stock of the Company on a one for seven basis, for the subsequent increase in the authorized capital of the Company to 10,000,000 shares, and for the change in the name of the Company to Canadian-Liberian Base Metals Ltd.

A notice calling the said Special General Meeting and an Information Booklet accompany this letter.

The Share Purchase Agreement, a copy of which is incorporated as Schedule A to the Information Booklet, provides generally for the acquisition by the Company of 450,000 shares of the par value of five cents per share comprising 45% of the authorized capital stock of Liberian International in consideration of the payment of U.S. \$300,000 cash and the allotment and issue to Liberian International of 1,000,000 shares without nominal or par value in the capital stock of the Company. The shares of the Company to be issued to Liberian International would be the new treasury shares of the Company after giving effect to the consolidation of the presently issued and unissued shares of the Company on a one for seven basis and to the increase in the authorized capital of the Company as more particularly set forth in the by-law referred to above and incorporated as Schedule B to the Information Booklet.

The Company has entered into an underwriting and option agreement with L. J. Forget & Co. Ltd., more particularly referred to in the Information Booklet which will enable the Company to pay the aforesaid sum of U.S. \$300,000 required to be paid under the Share Purchase Agreement.

Information concerning the mining concession granted in 1964 by the Government of the Republic of Liberia to the Kitoma Mining & Trading Company, the interest of Liberian International in the mining concession, and an engineer's report on the mining concession, is set forth in the Information Booklet.


A diamond drilling program is now being conducted on the mining concession under the supervision of Mackay & Schnellmann Limited. A cable dated March 23, 1965 sent from Monrovia, Liberia, by Mr. Fred Ryan, Vice-President and Director of Kitoma Mining & Trading Company, referring to the diamond drilling program reads as follows:


"Fourth bore hole penetrated 25 feet pure magnetite 72% Fe Stop Believe we are approaching main orebody with next bore hole on top of ridge Stop Will utilize unused drilling footage to seek main orebody formation."

Your directors have given careful consideration to the proposed acquisition by your Company of a 45% share interest in Liberian International and believe that it will provide your Company with a substantial interest in a major iron ore development in the Republic of Liberia. Accordingly, your directors recommend that the shareholders of the Company give their approval of the proposals at the Special General Meeting.

If you do not intend to be present at the Special General Meeting, would you kindly complete and return the enclosed instrument of proxy. The proxy in the form enclosed provides for the appointment of K. P. Tatulis, President, or failing him G. D. Pattison, Vice-President, or failing him R. D. Bell, Secretary-Treasurer. It is the intention of the persons named to vote in favour of the proposals referred to above.

On behalf of the Board,

  
President.



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## NOTICE OF SPECIAL GENERAL MEETING OF SHAREHOLDERS

NOTICE is hereby given that a Special General Meeting of the Shareholders of BASE METALS MINING CORPORATION LIMITED (the "Company") will be held at the Royal York Hotel, Algonquin Room, Toronto, Canada, on Wednesday, April 14, 1965, at the hour of 2:00 o'clock in the afternoon (Toronto time) for the following purposes:

1. To authorize, approve and confirm the execution and delivery by the Company of an agreement (the "Share Purchase Agreement") dated as of March 1, 1965 which has been entered into between Louis Edgar Detwiler, Librarian International American Corporation ("Librarian. International"), and the Company providing generally for the acquisition by the Company of 450,000 shares of the par value of five cents per share in the capital stock of Librarian International, comprising 45% of the authorized capital stock of Librarian International, in consideration of the payment by the Company of U.S. \$300,000 cash and the allotment and issue by the Company to Librarian International of 1,000,000 shares without nominal or par value in the capital stock of the Company after giving effect to the consolidation and increase in the capital stock of the Company referred to below;
2. To authorize and approve the payment of \$300,000 cash and the allotment and issue (subject to escrow) of 1,000,000 shares without nominal or par value in the capital stock of the Company (after giving effect to the consolidation of the presently issued and unissued shares of the Company) and the increase in the authorized capital of the Company referred to below) as consideration for the purchase by the Company of the said 450,000 shares of Librarian International, all upon the terms and subject to the conditions set forth in the Share Purchase Agreement;
3. To sanction and confirm a by-law passed and enacted by the directors of the Company on March 17th, 1965, providing, subject to confirmation by supplementary letters patent, for the consolidation of the shares without nominal or par value in the capital stock of the Company, issued and unissued, on a one for seven basis so that the authorized capital of the Company shall consist of 1,285,714 shares of which 1,017,857 shares will be outstanding, for the increase in the authorized capital of the Company from 1,285,714 shares to 10,000,000 shares, and for changing the name of the Company to Canadian-Libarian Base Metals Ltd. or such other name as may be approved by the Secretary of State; and
4. To authorize the directors and/or the proper officers of the Company to execute, under the corporate seal of the Company or otherwise, such documents and to take such other action as in their opinion may be necessary or desirable to carry out the provisions of the Share Purchase Agreement.

A copy of the Share Purchase Agreement is attached as Schedule A and a copy of the aforesaid by-law is attached as Schedule B to the Information Booklet which accompanies this notice and forms part hereof.

DATED this 30th day of March, 1965.

By Order of the Board,

R. D. BELL,  
Secretary-Treasurer.

## INSTRUMENT OF PROXY

The undersigned shareholder of BASE METALS MINING CORPORATION LIMITED hereby appoints K. P. Taulis, President, of Toronto, Ontario, or failing him G. D. Pattison, Vice-President, of the same place, or failing him R. D. Bell, Secretary-Treasurer of the same place, as the proxy of the undersigned to vote and act for and on behalf of the undersigned at the Special General Meeting of the Shareholders of the said Company to be held on the 14th day of April, 1965, and at any adjournment or adjournments thereof.

DATED the \_\_\_\_\_ day of April, 1965.

\_\_\_\_\_  
Signature of Shareholder

NOTE: Where the instrument of proxy is signed on behalf of a corporation, its corporate seal must be affixed.







## INFORMATION BOOKLET

March 30, 1965.

### LIBERIA AND ITS NATURAL RESOURCES

Liberia was the first independent Republic of Africa, having been formed in 1847 following the earlier repatriation of Negroes from the United States. It is a tropical country on the west coast opening on the Atlantic Ocean, with a territory of about 43,000 square miles and a population of about 1,500,000. Government is based upon a constitution similar to that of the United States. Dr. William V. S. Tubman is the President, and the Executive Branch of the Government includes the Vice-President and a Cabinet of ten members.

Reports prepared by The Liberian Information Service and the Liberian Development Corporation, Monrovia, Liberia and printed in The New York Times issue of January 25, 1965 read in part as follows:

"The Open Door Policy has made Liberia an attractive site for foreign investors. The policy, combined with the country's abundant natural resources, has laid the groundwork of a solid basis of heavy industry and agricultural production."

"Already, three large iron ore mining companies are in operation and a fourth will begin production early in 1965. They will make Liberia one of the world's leading producers of iron ore and by far the largest producer in Africa."

"Liberian currency is based on the dollar, which is on par and interchangeable with the United States dollar. There are no restrictions on the movement of capital."

"Foreign capital investment in Liberia during the last five years has amounted to some \$70 million per year. Most of this investment has been in agricultural and mining projects. However, a significant portion has gone into new manufacturing industries. These large investments have had a profound influence on the Liberian economy in general and provide testimony to the many benefits of President Tubman's Open Door Policy."

"Liberia is indeed a land of promise and opportunity, a land in which to invest and prosper. The rate of economic growth over the last decade has been one of the highest in the world and continuing growth is forecast."

Although President Tubman's open-door policy and the country's rich natural resources are some of the principal reasons for attracting large investors like Firestone Tire and Rubber Company, B. F. Goodrich Company, Bethlehem Steel Corporation, Republic Steel Company, German-Liberian Mining Company, National Iron Ore Company, Shell Oil Company, Texaco and other international investors, the main reason for foreign investments is the confidence that these companies have in the integrity, honesty and fairness of the Government of Liberia and their fair treatment and cooperation extended to foreign investors. Very few governments have had such a successful and proven record of attracting foreign investors. Of particular interest to foreign investors is the fact that the official currency of Liberia is U.S. dollars which thus eliminates any concern about monetary problems.

The policy of Liberia with respect to foreign capital and the country's rich natural resources, has been stated by Dr. Tubman as follows: "We shall encourage the investment of foreign capital in the development of the resources of our country, preferably on a partnership basis." This policy has led to the entry of a considerable amount of foreign capital and the establishment of several industrial enterprises, the most important of which are rubber and iron mining.

There are now four iron mining projects in operation in Liberia, made possible by capital from the United States, Canada, Sweden, Germany, Italy and Liberia itself. In 1964 these four operations together produced a record of 13,000,000 tons of iron ore, or about twice the output of the previous year.

The value of iron ore exports last year was about \$91,000,000 and the industry has now replaced natural rubber, which now averages a volume of about \$25,000,000 annually.



## KITOMA MINING CONCESSION

By a concession agreement dated September 17, 1964, the Government of the Republic of Liberia granted to Kitoma Mining & Trading Company ("Kitoma") the exclusive right to search for and exploit all kinds of ores, metals, precious and non-precious minerals, oil, coal and natural gases within the Kitoma Mountain Range, in the Sanniquellis District, Nimba County, Republic of Liberia, and in that connection to make investigations, dig pits, operate mines, quarries and placers and to extract, refine, transport and export such ores, metals and minerals, including gold, diamonds, coal, oil and natural gases, subject to the conditions set forth in the concession agreement. During the first five years or any period approved by the government subsequent thereto, Kitoma has the right and privilege to search for, explore, develop and mine minerals, including ores, gold, diamonds, coal, oil and natural gases in an area or areas not to exceed 500 square miles. During this period Kitoma may select lots for exploitation within the exploration area, said lots in the aggregate to cover an area not exceeding 500 square miles. The concession agreement took effect on September 17, 1964 and remains in force for a period of 80 years from the date of commencement of commercial export with an option of extension subject to terms to be agreed upon.

Kitoma is a Liberian corporation with an authorized capital of 1,000,000 A shares without par value and 1,000,000 B shares without par value. The A and B shares participate equally in the net profits of Kitoma. The holders of the A shares are entitled to elect 4 of the 9 directors of Kitoma and the holders of the B shares are entitled to elect the remaining 5 directors.

In consideration of the granting of the concession and for certain tax privileges accorded Kitoma in the proposed operation of the concession, all of the 1,000,000 A shares are to be allotted to the Government of Liberia in accordance with the concession agreement.

By letter agreement dated September 10, 1964, between Kitoma and L. Edgar Detwiler ("Detwiler"), 60 Wall Street, New York 10005, N.Y., as amended by further letter agreement dated October 23, 1964, 250,000 B shares of Kitoma have been allotted and issued to J. N. Togba, M.D., a Liberian national who was instrumental in obtaining the concession agreement and in the formation of Kitoma. The remaining 750,000 B shares of Kitoma have been issued to Liberian International American Corporation referred to below in consideration of the payment of U.S. \$100,000 cash and the agreement by the said corporation to finance, manage and operate the concession in accordance with the provisions of the concession agreement.

## LIBERIAN INTERNATIONAL AMERICAN CORPORATION

Liberian International American Corporation ("Liberian International"), 60 Wall Street, New York 10005, N.Y. is a company incorporated under the laws of the State of Delaware with an authorized capital of 1,000,000 shares with a par value of 5 cents per share. 55% of the authorized capital of Liberian International has been issued to Detwiler in consideration of the payment of \$17,500 cash, other valuable consideration and the assignment to Liberian International of all the rights and interests of Detwiler in and to the agreements between Detwiler and Kitoma referred to above. It is proposed that the remaining 45% of the authorized capital of Liberian International, comprising 450,000 shares, will be issued to the Company pursuant to the Share Purchase Agreement referred to below.

## SHARE PURCHASE AGREEMENT

By agreement dated as of March 1, 1965 between Detwiler, Liberian International and the Company (the "Share Purchase Agreement"), the Company agreed to subscribe for and purchase 450,000 treasury shares of the par value of 5 cents per share in the capital stock of Liberian International in consideration of the payment of U.S. \$300,000 cash and the allotment and issue of 1,000,000 treasury shares of the Company after giving effect to the consolidation of the Company's shares, issued and unissued, on a one for seven basis as more particularly referred to below. The 1,000,000 shares, upon the issue thereof in the name of Liberian International, will be deposited with and held by Eastern & Chartered Trust Company, 34 King Street West, Toronto, in escrow subject to release, hypothecation, transfer or other alienation only with the written consent of the Toronto Stock Exchange and any other regulatory bodies having jurisdiction. The purchase and sale of the said shares is to take place five days after the Effective Date for the underwriting of 150,000 treasury shares of the Company referred to below.

The obligation of the Company to purchase the said 450,000 shares of Liberian International is subject to a number of conditions including the approval by the shareholders of the Company of the execution and delivery of the Share Purchase Agreement; the approval of the Share Purchase Agreement by all stock exchanges on which the shares of the Company are listed and by any other regulatory bodies having jurisdiction; and the issue of the supplementary letters patent referred to below.



## **UNDERWRITING AND OPTION AGREEMENT**

By agreement dated as of March 1, 1965 between the Company and L. J. Forget & Co. Ltd., 620 St. James Street West, Montreal, the Company agreed to sell and L. J. Forget & Co. Ltd. acting on behalf of Lance Trading Company Ltd., 620 St. James Street West, Montreal, agreed to purchase 150,000 treasury shares in the capital stock of the Company (after giving effect to the consolidation of the Company's shares referred to below) for a total purchase price of (Can.) \$300,000 payable on the Effective Date being the first day on which all of the following conditions are fulfilled, namely: acceptance for filing by the Toronto Stock Exchange of notice of the underwriting and option of treasury shares of the Company referred to in the said agreement; the receipt of all necessary approvals to the issue of the said shares and the issue to the Company of the supplementary letters patent giving effect to the consolidation of the Company's shares and the increase in the authorized capital of the Company referred to below.

In consideration of the said underwriting, the Company granted to L. J. Forget & Co. Ltd. an option to purchase all or any part of an additional 850,000 treasury shares of the Company as follows: 150,000 shares at \$2.00 per share at any time within three months after the Effective Date; 200,000 shares at \$3.00 per share at any time within six months after the Effective Date; 200,000 shares at \$4.00 per share at any time within nine months after the Effective Date; 200,000 shares at \$5.00 per share at any time within twelve months after the Effective Date; and 100,000 shares at \$6.00 per share at any time within fifteen months after the Effective Date.

## **CHANGE OF NAME, CONSOLIDATION OF SHARES AND INCREASE IN CAPITAL**

To give effect to the provisions of the Share Purchase Agreement, the directors of the Company have enacted a by-law providing for the change in the name of the Company to Canadian-Liberian Base Metals Ltd. or such other name as may be approved by the Secretary of State, for the consolidation of the shares without nominal or par value in the capital stock of the Company, issued and unissued, on a one for seven basis so that the authorized capital of the Company will consist of 1,285,714 shares of which 1,017,857 shares will be outstanding, and for the increase in the authorized capital of the Company to 10,000,000 shares. This by-law will not take effect until it is sanctioned by at least two-thirds of the votes cast at the special general meeting of shareholders of the Company and confirmed by supplementary letters patent.

## **REPORTS OF MACKAY & SCHNELLMANN LIMITED**

By agreement dated November 5, 1964, Kitoma and Liberian International appointed Mackay & Schnellmann Limited, Consulting Economic Geologists and Mining Engineers, 115 Moorgate, London, E.C.2, England, as their consultants for the concession. The said consultants have completed a reconnaissance investigation of the iron ore deposits on and under the concession and have submitted a preliminary report dated January 1965, a copy of which is available for inspection at the offices of the Company, Suite 509, 25 Adelaide Street West, Toronto, Canada. A supplementary report dated February 6, 1965 prepared by Gustav Anthony Schnellmann, without accompanying maps, is set out on pages 7 to 9 inclusive, of this information booklet.

## **FINANCIAL STATEMENTS**

The audited balance sheet of the Company as at January 31, 1965 and audited statements of deferred exploration and administrative expenditures and deficit for the period June 1, 1964 to January 31, 1965 together with the report thereon of Fisher, Nisker & Company, Chartered Accountants, are set out on pages 10 to 13, inclusive, of this information booklet.

## **STOCK EXCHANGE LISTINGS**

The shares of the Company are listed on the Toronto, Montreal, Vancouver and London, England stock exchanges. The Company's shares were suspended from trading on the Toronto Stock Exchange on November 4, 1964 and on the other three stock exchanges shortly thereafter. The Company was notified by the Toronto Stock Exchange that the suspension was made pending investigation of unusual activity in the Company's shares. The officers and directors of the Company have no knowledge of and have taken no part in the alleged unusual trading activity and have so informed the Toronto Stock Exchange. The Company has now made application to the Toronto Stock Exchange to lift the suspension.

**REPORT**  
**ON**  
**THE KITOMA MINING COMPANY CONCESSION**  
**(NIMBA COUNTY, LIBERIA)**

**INTRODUCTION:**

This report is in extension and amplification of our preliminary report of January 1965. That preliminary report should have been specifically dated 21st January, 1965, the day on which it was completed, signed and posted in London, England. It was based on field and aerial reconnaissances carried out by Robert A. Mackay, D.Sc., Fred H. Fitch, D.Sc., and John Okell, B.Sc. between 24th November, 1964 and 5th December 1964. Since that date Mr. Okell has been continuously in the field engaged on geological mapping and general reconnaissance. Dr. Fitch returned to Liberia on 29th January, 1965 to direct further work and site initial diamond drill-holes and is still in the field at the time of this report. We have also had sight of a photostat of a report by W. Smoragiewicz which states that it was based on a three-day visit to the property in November 1963, and we have utilised unpublished information on the files of our organisation.

**CONCESSION AGREEMENT:**

This concession agreement, a photostat copy of which we have seen, is twofold in nature and relates to:—

- (i) the mining concession of a Dr. Togba, consisting of an area of 17,977 acres or thereabouts containing and surrounding the Kitoma Range and shown on the plan, Fig. 3, annexed hereto;
- (ii) the right to acquire the mining rights of all minerals in any area of 500 square miles not already taken up.

The present report relates specifically to Dr. Togba's concession area, hereafter variously referred to as "the Kitoma concession", "Kitoma", "the Togba area", etc.

**LOCATION, ACCESS, Etc.:**

The Kitoma concession is located in Nimba County, Liberia. Kitoma village, from which it derives its name, is 205 miles by road north-east of the capital of Liberia, Monrovia (see annexed map, Fig. 1). Sanniquellie, administrative headquarters of Nimba County, is about six miles further along the highway which eventually leads to the Nimba property of LAMCO.

The area is steep and mountainous (see annexed map, Fig. 2) rising to about 1400 ft. above the level of the highway and includes three sub-parallel ridges and an isolated hill. Almost all the high ground is jungle-clad, but some of the lower ground has been cleared for cultivation. The St. John River flows from north to south just beyond the western boundary of the concession, and the LAMCO railway to the port of Buchanan just beyond its south-east boundary.

About half of the highway from Monrovia to Kitoma is sealed, the remainder being a wide well-maintained dirt (laterite) road. A minor road extends from the highway to Gewee village, near the foot of the eastern end of Main Ridge, which can be reached on foot by four routes involving 1-1½ hours walking.

A wide clear path extends along the crest of the Main Ridge, and a branch from this leads to the two Back Ridges. Clear cross-paths extend at intervals down the flanks of the ridges. A village path follows the river to a number of villages between the two Back Ridges. It is clear and level for most of its length, but crosses five creeks by shaky bridges.

Sanniquellie contains a small and somewhat primitive hotel. Other well-constructed houses are available for renting. Petrol, oil and garage facilities are available, and the shops contain a wide range of foods, drinks, clothing, etc. The Ganta mission maintains a hospital with operating theatre, X-ray equipment, etc., and there is a small hospital run by a nursing sister.



The climate is tropical. Annual rainfall is about 60 inches, annual mean temperature 80-90 degrees Fahrenheit, and relative humidity may reach 100%.

So far as we could ascertain there is no published history of work on the property, but it is understood that some preliminary work was undertaken by LAMCO and their trenches are still open. Details of their results were not available to us.

## **GEOLOGY:**

The ranges consist of metamorphosed sediments which include the iron-bearing formation and which constitute part of the Birrimian Series. This is Precambrian in age. Gneissose rock outcrop abundantly in streams which have cut through the alluvial terraces around the ridges and appear to form an irregular basement on which the iron-formation rests.

The detailed stratigraphy has yet to be worked out, but it is quite evident that the ridges consist of iron-formation with quartzite, schist, and other metamorphic rocks. The iron-formation is the rock which we prefer to call "itabirite" (originally so-called in South America) but which is variously known in other parts of the world as "banded hematite quartzite" or "B.H.Q." (India and Goa), "taconite" (U.S.A.), and "banded iron formation" (Canada). The itabirites constitute the major world sources of iron ore. One of their distinguishing characteristics is that they form pronounced topographical features often extending for many miles and give rise to ore-bodies measurable in tens and often hundreds of millions of tons. The Nimba deposit worked by LAMCO is of course of this type.

The structure is not simple in detail and large scale mapping will be needed for its interpretation. On the broad scale however the dominant dip of the strata on the Main Ridge is 40 degrees towards the north, while the dip on the 2nd Back Ridge is 70 degrees towards the south. The general structure therefore appears to be synclinal, as at Nimba, which is on the same regional strike about 15 miles to the north-east.

## **ORE-BODIES:**

During the initial reconnaissance good quality iron ore was found on the Main Ridge and its Extension, on the two Back Ridges, and on a ridge running down from the Isolated Hill. Further exploration has since located high quality ore on the northern slope of the Main Ridge and good quality ore is currently being found in a number of other places. The harder types outcrop in a few places but are generally seen as float which is widespread and abundant on the crests and flanks of the ridges. Most of the ore in situ is soft and does not therefore outcrop in general but is seen in trenches. There is in fact a wide range of types, from direct-shipping hematite to types which can be beneficiated to give concentrates for pelletising, a common and increasing practice in the iron ore industry. A suite of 17 surface specimens taken to represent the full range of types had lower and upper limits of 14.4% and 64.7% Fe respectively. Fifteen of them ranged between 40.8 and 59.1% Fe and averaged 47.6% Fe. Smoragiewicz quotes five samples "from different types of the iron ore zone" ranging from 43.30 to 61.70% Fe, averaging 52.5% Fe.

## **RESERVES:**

In accordance with correct mining usage of the terms, there are as yet no measured (proved) or indicated (probable) reserves. At this stage, all the reserves are in the inferred (possible) category. Taking the Main Ridge alone, this has a total strike extent of approximately 20,000 feet and the width of the ore zone appears to be in the order of 3,000 feet. This is equivalent to approximately 5,000,000 tons of iron-formation per foot of depth. If one makes the arbitrary but certainly conservative assumption that only 10% of this will prove to be of economic grade, the figure of 500,000 tons of ore per foot of depth is obtained. Applying the figure of 1400 feet for the average elevation of the ridge above valley level, a figure of 700,000,000 tons of inferred (possible) ore is obtained. This takes no account of the two Back Ridges or of the Isolated Hill, in all of which iron-formation is known to occur.

An as-yet-unknown proportion of this will clearly be of direct-shipping grade, upwards of 60% Fe, the remainder being of beneficiation grade to produce concentrates for pelletising. It may be noted and stressed here that in spite of a world surplus of direct-shipping grade ore, the production of concentrates from lower grade material is common and is rapidly increasing because of the advantages of pellets in the blast furnace. Processes are well established and there is every reason, e.g. its marked magnetic nature, to suppose that the ore in the Togba concession will be amenable to beneficiation.



## CONCLUSIONS:

The Togba concession is located in an area in which iron-ore mining is already well-established and the persistence of the iron-formation through the concession has been demonstrated. Surface samples show that both direct-shipping grade ore and beneficiation-grade ore exist in the concession. The area is reasonably accessible — very accessible, by comparison with other similar occurrences in the world — to port facilities. It possesses no features giving rise to mining problems, and a viable mining operation is entirely feasible on both technical and economic grounds.

A complete assessment of the concession area would probably require 5-6 years, but experience of comparable deposits fully justifies the expectation that an amortisation or minimum target tonnage could be established and production commenced within two years of the inception of the intensive programme recommended.

## RECOMMENDATIONS:

It is recommended that the concession be assessed in detail by a phased programme of geological mapping; trenching and pitting; core-drilling; adit driving; and beneficiation testing. This is in fact in progress now but should be intensified. The cost of this assessment is estimated at \$2,000,000 (two million U.S. dollars).

G. A. SCHNELLMANN,  
Ph.D., B.Sc., A.R.S.M.,  
M.I.M.M., M.Cons.E.

6th February, 1965.

## CERTIFICATE

I, Gustav Anthony Schnellmann, of the City of London, England, hereby certify as follows:

1. That I am a practising Economic Geologist, partner in the firm of Mackay & Schnellmann, with offices at 115 Moorgate, London, E.C.2., England.
2. That I am a graduate of London University with the degrees of Ph.D. and B.Sc., and the Diploma of Associateship of the Royal School of Mines (London). I am a Member of the Institute of Mining & Metallurgy (London) and a member of the Council of that body, and I am a member of the Association of Consulting Engineers, London, England.
3. That I have no interest either directly or indirectly in and I do not expect to receive any interest either directly or indirectly from the property covered in this report, or in the securities of Liberian International American Corporation of New York, U.S.A. or of Base Metals Mining Corporation Ltd. of Toronto, Ontario, Canada.
4. That the accompanying report is not based on a personal examination of the property made for this purpose but is based on the field reports of my partner Robert A. Mackay, D.Sc., our associate Fred H. Fitch, D.Sc. and our staff geologist John Okell, B.Sc., all of whom are overseas at the date of this report; on a report by W. Smoragiewicz and on unpublished information in the files of our mining and geological organisation.

DATED at London, England this 6th day of February, 1965.

G. A. SCHNELLMANN,  
Ph.D., B.Sc., A.R.S.M.,  
M.I.M.M., M.Cons.E.

# BASE METALS MINING

(Incorporated un

## Balance Sheet as a

### ASSETS

#### CURRENT ASSETS

Cash .....	\$ 13,421.92	
Demand deposit .....	70,000.00	
Sundry advances and receivables .....	1,861.71	
\$10,000.00 Province of Ontario bonds, 5¼%, at cost (market value \$10,100.00) .....	10,037.50	\$ 95,321.13

#### FIXED ASSETS

Mining claims at \$17,000.00 valuation attributed to 200,000 shares of capital stock issued therefor, plus \$122,055.00 paid in cash .....	\$139,055.00	
Interest in petroleum and natural gas leases, and royalty interests, at cost .....	5,758.50	
Mining plant and equipment, at cost .....	\$391,608.22	
Less — proceeds on disposal .....	4,198.70	
	\$387,409.52	
Less — accumulated depreciation (Note 1) .....	219,393.30	168,016.22
Head office equipment, at nominal value .....	1.00	312,830.72

#### DEFERRED EXPENDITURES AND OTHER ASSETS

Shaft sinking and preproduction expenditures at Cork-Province Mine, less amount written off (Note 1) .....	\$222,192.45	
Exploration and administrative expenditures, per statement .....	200,712.21	
Supplies, at estimated realizable value .....	515.00	
Cost of supplementary letters patent .....	1,950.00	
Investment in subsidiary company, at nominal value .....	1.00	425,370.66
		<u>\$833,522.51</u>

#### AUDITOR

To the Shareholders of  
Base Metals Mining Corporation Limited

We have examined the balance sheet of Base Metals Mining Corporation Limited as at January 31, 1965 and the statements of deferred exploration and administrative expenditures and deficit for the period June 1, 1964 to January 31, 1965, and we have obtained all the information and explanations we required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

As mentioned in Note 1 to the financial statements, no provision has been made since 1953 for depreciation of the mine plant and equipment; therefore, we are unable to express an opinion on the valuation at which these assets appear in the balance sheet.

# CORPORATION LIMITED

(Incorporated under the laws of Canada)

January 31, 1965

## LIABILITIES

### CURRENT LIABILITIES

Accounts payable ..... \$ 7,870.09

### SHAREHOLDERS' EQUITY

#### CAPITAL STOCK

##### Authorized:

9,000,000 shares, no par value (increased from 7,000,000 shares by supplementary letters patent August 14, 1964)

##### Issued and fully paid:

7,125,000 shares (of which 600,000 shares were issued for cash since May 31, 1964) ..... \$ 3,868,355.30  
Less — capital repayment ..... 466,142.80

DEFICIT, per statement ..... \$ 3,402,212.50  
2,576,560.08 825,652.42

Approved on behalf of the Board of Directors:

K. P. TATULIS (Director).

G. D. PATTISON (Director).

\$833,522.51

The accompanying notes are an integral part of the financial statements.

## REPORT

Subject to the foregoing qualification, in our opinion the accompanying balance sheet and statements of deferred exploration and administrative expenditures and deficit are properly drawn up so as to exhibit a true and correct view of the state of the company's affairs as at January 31, 1965 and its activities for the period June 1, 1964 to January 31, 1965, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, according to the best of our information, the explanations given to us and as shown by the books of the company.

Toronto, Ontario,  
February 19, 1965.

FISHER, NISKER & COMPANY,  
Chartered Accountants.



# Base Metals Mining Corporation Limited

## DEFERRED EXPLORATION AND ADMINISTRATIVE EXPENDITURES For the Period June 1, 1964 to January 31, 1965

### MINE EXPLORATION EXPENDITURES

BALANCE, MAY 31, 1964 .....		\$81,719.50	
ADDITIONS DURING THE PERIOD			
Insurance, taxes, etc., at Cork-Province Mine, B.C. ....	\$ 2,653.61		
Geophysical survey .....	2,800.00		
Diamond drilling .....	3,678.50		
Engineering and geological fees .....	1,346.77		
Government fees and licenses .....	571.00		
Miscellaneous .....	717.31	11,767.19	
		<hr/>	
		\$93,486.69	
Deduct — lease rental income (Note 1) .....	\$ 4,454.28		
Less — commissions .....	472.71	3,981.57	\$ 89,505.12
		<hr/>	

### OIL EXPLORATION EXPENDITURES

Balance, May 31, 1964 (no additions during the period) .....	8,818.46
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### ADMINISTRATIVE EXPENDITURES

BALANCE, MAY 31, 1964 .....		\$82,036.25	
ADDITIONS DURING THE PERIOD			
Accounting and secretarial .....	\$ 2,925.00		
Transfer agent's fees and expenses .....	5,030.08		
Shareholders' information (including annual report) .....	1,740.84		
Stock exchange fees and expenses .....	1,888.23		
Legal and audit fees .....	3,925.00		
Directors' fees .....	925.00		
Government fees and taxes .....	158.00		
Travel expenses .....	3,838.33		
Miscellaneous expenses .....	202.48		
	<hr/>		
	\$20,632.96		
Less — interest earned .....	280.58	20,352.38	102,388.63
	<hr/>	<hr/>	<hr/>
TOTAL DEFERRED EXPENDITURES, JANUARY 31, 1965 .....			<u>\$200,712.21</u>

## STATEMENT OF DEFICIT For the Period June 1, 1964 to January 31, 1965

BALANCE, MAY 31, 1964 .....		\$ 2,578,143.40
Add — travelling and fees re possible clean-up work (Note 2) .....	\$ 498.45	
— amount written off head office equipment to reduce to nominal value .....	948.23	1,446.68
	<hr/>	<hr/>
		\$ 2,579,590.08
Deduct — partial recovery from subsidiary company of advances written off in prior years .....		3,030.00
		<hr/>
BALANCE, JANUARY 31, 1965 .....		<u>\$ 2,576,560.08</u>

# Base Metals Mining Corporation Limited

## NOTES TO FINANCIAL STATEMENTS

January 31, 1965

NOTE 1 — The mining plant, which is situated on the Cork-Province Mine property has not been in operation since 1953. No provision has been made since the shutdown for depreciation of plant and equipment and for amortization of deferred mine exploration and development expenditures.

By an agreement dated March 9, 1964, the company leased the Cork-Province mineral claims and the mine plant and equipment on the property for a term of ten years renewable for a further ten years. The lease provides for an annual rental of \$10,000.00 or 50¢ per ton of ore milled, whichever is the greater.

NOTE 2 — The company has been requested by the Department of Northern Affairs and Natural Resources to carry out certain additional clean-up work on the claims that were operated by the company in YoHo National Park, British Columbia. This matter, which might involve an expenditure of \$10,000.00, is presently under discussion with the government department, and therefore no provision has been provided for in the accompanying financial statements.

NOTE 3 — The company entered into an agreement dated November 30, 1964 for the purchase of 450,000 shares (a 45% interest) in Liberian International American Corporation, which company has an interest in a mining concession in the Republic of Liberia. The operation and financing of the concession is under the direction of Liberian International American Corporation.

The consideration for the acquisition of the above mentioned shares is \$240,000.00 U.S. funds, (\$175,000.00 payable on "closing date" and the balance of \$65,000.00 30 days thereafter) and 2,000,000 shares of the company's capital stock as constituted after giving effect to a proposed recapitalization (1 new share for 7 old shares).

This agreement is subject to the approval of the company's shareholders, all of the stock exchanges on which the shares of the company are listed, and of any other regulating bodies having jurisdiction.

## Schedule A to Information Booklet

# Agreement

THIS AGREEMENT made as of the 1st day of March, 1965.

BETWEEN:

LOUIS EDGAR DETWILER, 60 Wall Street, New York, 10005, N.Y. (hereinafter called "Detwiler") .

OF THE FIRST PART

— and —

LIBERIAN INTERNATIONAL AMERICAN CORPORATION, 60 Wall Street, New York, 10005, N.Y. (hereinafter called "Liberian International")

OF THE SECOND PART

— and —

BASE METALS MINING CORPORATION LIMITED, Suite 509, 25 Adelaide Street West, Toronto 1, Ontario (hereinafter called "Base Metals")

OF THE THIRD PART

WHEREAS by agreement (the "Concession Agreement") dated September 17, 1964, the Government of the Republic of Liberia granted to Kitoma Mining & Trading Company ("Kitoma") the exclusive right and privilege (the "Concession") to search for and exploit ores, minerals and metals in the area known as the Kitoma Mountain Range, Nimba County, and in other areas in the Republic of Liberia, all upon the terms and subject to the conditions set forth in the Concession Agreement;

AND WHEREAS Liberian International has acquired certain shares of Kitoma together with the right and obligation to finance, manage and operate the Concession in accordance with the provisions of the Concession Agreement;

AND WHEREAS Base Metals desires to acquire an interest in the Concession through the purchase of 450,000 shares with a par value of 5 cents per share in the capital stock of Liberian International, comprising 45% of the authorized capital stock of Liberian International, and Liberian International has agreed to allot and issue the said shares to Base Metals, all upon the terms and conditions set forth in this agreement.

NOW THEREFORE THIS AGREEMENT WITNESSETH:

1. Detwiler and Liberian International jointly and severally represent to, warrant to and covenant with Base Metals that:

1. (a) Kitoma has the exclusive right and privilege under the Concession Agreement for a period of five years or any period approved by the Government of Liberia subsequent thereto, to explore, develop and mine minerals in an area of 500 square miles and that during this period Kitoma may select lots for exploitation within the exploration area, said lots in the aggregate to cover an area not exceeding 500 square miles, and that the Concession Agreement took effect on September 17, 1964 and is now in good standing and remains in force for a period of eighty years from the date of commencement of commercial export with an option of extension thereafter subject to terms to be agreed upon;

1. (b) Kitoma is a Liberian corporation with an authorized capital of 1,000,000 A shares without par value and 1,000,000 B shares without par value and that the A and B shares participate equally in the net profits of Kitoma and that the holders of the A shares are entitled to elect four of the nine directors of Kitoma and that the holders of the B shares are entitled to elect the remaining five directors;



1. (c) The 1,000,000 A shares of Kitoma have been allotted and issued as fully paid and non-assessable to the Government of Liberia in consideration of the granting of the Concession and for certain tax privileges accorded to Kitoma in the proposed operation of the Concession, all in accordance with the terms of the Concession Agreement;

1. (d) 250,000 B shares of Kitoma have been allotted and issued as fully paid and non-assessable shares to J. N. Togba, M.D., a Liberian national, for services rendered in obtaining the Concession and the remaining 750,000 B shares of Kitoma have been allotted and issued as fully paid and non-assessable to Liberian International in consideration of the payment of U.S. \$100,000 cash, of which \$50,000 has been paid and the remaining \$50,000 is now payable and in consideration of the agreement by Liberian International to finance, manage and operate the Concession in accordance with the provisions of the Concession Agreement. Liberian International has also deposited \$25,000 in escrow with the Government of Liberia as a guarantee that the exploration will be undertaken within the 12-month period stipulated in the Concession;

1. (e) Liberian International is a company incorporated under the laws of the State of Delaware with an authorized capital of 1,000,000 shares with a par value of 5 cents per share of which 550,000 shares have been allotted and issued as fully paid and non-assessable to Detwiler in consideration of \$27,500 cash and other valuable considerations and the assignment to Liberian International of all of the rights and interests of Detwiler in and to certain agreements between Detwiler and Kitoma, all of which 550,000 shares have been deposited in a Voting Trust with Detwiler, James Smith and Franklin S. Wood as Voting Trustees, the said Voting Trust having an initial term of 10 years but being subject to earlier termination by vote of the Voting Trustees, and 45% or 450,000 shares of Liberian International are to be allotted and issued as fully paid and non-assessable to Base Metals subject to the terms and conditions set forth herein;

1. (f) The only persons or corporations having a greater than 5% interest, directly or indirectly, in the aforesaid 550,000 shares of Liberian International allotted and issued to Detwiler are Detwiler, Sam Freeman, 117 Elm Ridge Drive, Toronto, and The Nyvatex Oil Corporation, Box 95, Wall St. Station, New York 10005, all of whom have agreed that the shares purchased by them were purchased and are now held by them for investment purposes only and not with a view to distribution or resale;

1. (g) The only business conducted or to be conducted by Liberian International is and will be its investment in the 750,000 B shares of Kitoma and the financing, management and operation of the Concession;

1. (h) The aforesaid 750,000 B shares of Kitoma are beneficially owned by Liberian International free of all encumbrance and, subject to the purchase by Base Metals of 450,000 shares of Liberian International pursuant to the provisions of this agreement, Liberian International will not sell or otherwise dispose of or encumber all or any of the said 750,000 B shares of Kitoma without the prior consent of Base Metals evidenced by a resolution passed by the directors of Base Metals;

1. (i) Subject to the purchase by Base Metals of 450,000 shares of Liberian International pursuant to the provisions of this agreement, Liberian International will not increase or any way alter its authorized capital stock or vary any provision of its charter without the prior consent of Base Metals evidenced by resolution passed by the directors of Base Metals;

1. (j) By agreement dated November 5, 1964, Kitoma and Liberian International appointed Mackay & Schnellmann Limited, Geological and Mining Consultants, 115 Moorgate Street, London, E.C. 2, England, as their consultants for the Concession. The said consultants have completed a reconnaissance investigation of the iron ore deposits on and under the Concession and have submitted a preliminary report on the Concession dated January, 1965 and a supplementary report dated February 6, 1965, copies of which have been delivered to Base Metals; and

1. (k) The cash consideration of \$300,000 referred to in paragraph 3 will be applied by Liberian International in the payment of certain organizational and operating costs of Kitoma and for the development of the Concession; at least \$200,000 of the said sum will be expended in carrying out part of the exploration program recommended in the aforesaid reports of Mackay & Schnellmann Limited.

2. Base metals represents to, warrants to, and covenants with each of Detwiler and Liberian International that:

2. (a) Base Metals is a duly organized and existing company incorporated under the laws of Canada by letters patent dated February 29, 1929 with an authorized capital of 9,000,000 shares without nominal

or par value of which 7,125,000 shares only have been allotted and issued and are fully paid and non-assessable;

2. (b) By an underwriting and option agreement dated as of March 1, 1965 entered into between Base Metals and L. J. Forget & Co. Ltd., 620 St. James Street West, Montreal, P.Q., acting on behalf of Lance Trading Company Ltd., 620 St. James Street West, Montreal, P.Q., Base Metals agreed to issue and sell to L. J. Forget & Co. Ltd. on behalf of its said client 150,000 treasury shares of Base Metals at the price of \$2.00 per share payable on the Effective Date, being the first day on which all of the following conditions are fulfilled, namely: the acceptance for filing by the Toronto Stock Exchange of notice of the underwriting and option of treasury shares referred to in the said agreement; the receipt of all necessary approvals to the issue of the said shares of any other regulatory bodies having jurisdiction; and the issue to Base Metals of the supplementary letters patent referred to in paragraph 4 (h) hereof. The only persons or corporations having a greater than 5% interest, directly or indirectly, in the issued capital stock of Lance Trading Company Ltd. are Bruce Jackson and Farrell Vincent, directors and shareholders of L. J. Forget & Co. Ltd.

Under the terms of the said agreement Base Metals also granted to L. J. Forget & Co. Ltd. acting on behalf of its said client options to purchase an aggregate of 850,000 treasury shares of Base Metals exercisable within the times and at the prices as follows:

150,000 shares at the price of \$2.00 per share exercisable at any time or from time to time within 3 months after the Effective Date;

200,000 shares at the price of \$3.00 per share exercisable at any time or from time to time within 6 months after the Effective date;

200,000 shares at the price of \$4.00 per share exercisable at any time or from time to time within 9 months after the Effective Date;

200,000 shares at the price of \$5.00 per share exercisable at any time or from time to time within 12 months after the Effective Date; and

100,000 shares at the price of \$6.00 per share exercisable at any time or from time to time within 15 months after the Effective Date;

Except as aforesaid no treasury shares of Base Metals are the subject of any existing or proposed underwriting, sale or option agreements.

2. (c) 360,000 shares of Base Metals are held in escrow by Eastern & Chartered Trust Company, 34 King Street West, Toronto, Ontario, subject to release only with the consent of the Toronto Stock Exchange and the Canadian Stock Exchange;

2. (d) Base Metals has delivered to Liberian International a copy of the balance sheet of Base Metals as at January 31, 1965 together with a Statement of Deferred Exploration and Administrative Expenditures and a Statement of Deficit, both for the period June 1, 1964 to January 31, 1965, all as reported upon by Fisher, Nisker & Company, Chartered Accountants, the auditors of Base Metals, which balance sheet shows all of the assets and all of the liabilities, contingent or otherwise, of Base Metals as at January 31, 1965;

2. (e) Base Metals is not obligated under any contracts of employment, purchase or sale of equipment, materials or services, or of securities or otherwise except the contracts listed on Exhibit A hereto;

2. (f) Except as referred to in the aforesaid balance sheet, no claims have been made or exist and no legal actions have been instituted or reasonable basis therefor exists against Base Metals and none of the assets thereof are subject to any lien or encumbrance or claim of right by any party;

2. (g) Except as contemplated herein, Base Metals has not incurred and will not incur prior to the Closing hereinafter mentioned any obligation or obligations, direct or contingent, and except as contemplated herein and except in the usual and ordinary course of business there will be no change in the condition, financial or otherwise, of Base Metals, between the date hereof and the date of delivery of the shares of Liberian International on payment of the full price therefor as hereinafter provided;

2. (h) There will be available or delivered to Liberian International or its attorneys for inspection, true and correct copies of the letters patent and by-laws of Base Metals and all amendments thereof minutes of all meetings of the incorporators, directors and stock holders to date and true and correct copies of all contracts to which Base Metals is a party, as shown on Exhibit A hereto;



2. (i) Base Metals will take all necessary action, legally and effectively, to amend its letters patent to reduce and consolidate its presently outstanding 7,125,000 shares on the basis of 7 shares thereof for each new share into a total of 1,017,857 shares without nominal or par value issued and outstanding and to increase its authorized capital to a total of 10,000,000 shares without nominal or par value and that on the Closing hereinafter referred to, not more than 1,167,857 shares (after giving effect to the issue of the 150,000 underwritten shares referred to in paragraph 2 (b) ) of Base Metals will be issued and outstanding;

3. Subject to fulfillment of the conditions set forth in paragraph 4 hereof, Base Metals hereby agrees to subscribe for and purchase from Liberian International and Liberian International hereby agrees to allot, issue and deliver to Base Metals 450,000 shares of the par value of 5 cents per share in the capital stock of Liberian International in consideration of:

(i) the payment to Liberian International of U.S.\$300,000 cash payable on the Closing hereinafter referred to; and

(ii) the allotment and issue to Liberian International of 1,000,000 shares without par value in the capital stock of Base Metals after giving effect to the consolidation of the shares of Base Metals referred to in paragraph 4 (h). It is specifically understood and agreed that the said 1,000,000 shares shall be issued in the name of Liberian International as fully paid and non-assessable shares and shall be deposited with and held by Eastern & Chartered Trust Company, 34 King Street West, Toronto, Ontario in escrow subject to release, hypothecation, transfer or other alienation only with the written consent of the Toronto Stock Exchange, the Ontario Securities Commission, and each other stock exchange and regulatory body having jurisdiction.

Liberian International will make delivery of the said 450,000 shares of its capital stock to Base Metals at the said offices of Eastern & Chartered Trust Company against payment to Liberian International of the aforesaid sum of U.S.\$300,000 by certified cheque in New York funds and deposit of the aforesaid 1,000,000 fully paid and non-assessable shares in the capital stock of Base Metals at the time of closing (the "Closing") which shall be five days after the Effective Date referred to in paragraph 2 (b) hereof or such other date as may be mutually agreed upon.

It is specifically understood and agreed that if all necessary consents and approvals with respect to the transactions referred to herein required to be obtained by Base Metals are not given or obtained on or before April 15, 1965, then this agreement shall thereupon terminate, in which event no party hereto shall have any cause of action against any other party hereto arising out of the said termination.

4. The obligation of Liberian International to allot, issue and deliver the aforesaid 450,000 shares to Base Metals and the obligation of Base Metals to purchase the said shares at the Closing shall be subject to the following conditions:

4. (a) The performance by each of the undersigned hereto of all obligations on their part to be performed herein and the truth, completeness and accuracy of all statements and representations contained herein.

4. (b) The fact that, from the date hereof and during the term hereof, no changes shall have occurred or hereafter occur in the properties or assets of Base Metals or Liberian International other than changes occurring in the usual and ordinary course of business or as contemplated herein.

4. (c) The fact that no substantial claims shall be made or legal action for substantial amounts instituted or reasonable basis therefor be discovered against any of the parties hereto.

4. (d) Base Metals shall have received from Messrs. Hawkins, Delafield and Wood, counsel for Liberian International, a favourable opinion satisfactory to it as to:

(i) The due incorporation, organization, existence and good standing of Liberian International under the laws of the State of Delaware;

(ii) the corporate power of Liberian International to invest in the shares of Kitoma and Base Metals and to enter into this agreement and to finance, manage and operate the Concession or to provide Kitoma with the financing and management of the Concession;

(iii) the due qualification of Liberian International to hold its assets, transact its business and its good standing in each jurisdiction where the nature of the business transacted and assets owned by Liberian International make such qualification necessary;



(iv) the due authorization (including without limitation any consent of the shareholders required by law or by the Certificate of Incorporation, any amendments thereto or by-laws of Liberian International or otherwise), execution and delivery and the validity of this agreement and the allotment, issue and delivery to Base Metals of the aforesaid 450,000 shares;

(v) the exemption of the sale and delivery of the 450,000 shares of Liberian International from the requirements of any applicable statute relating to corporate securities or compliance with such statutes; and

(vi) the assignment to Liberian International of all of the rights and interests of Detwiler in and to all agreements between Detwiler and Kitoma and that Liberian International is the recorded holder and beneficial owner free of all encumbrance of the aforesaid 750,000 B shares in the capital stock of Kitoma.

In giving their opinion under this paragraph 4 (d), the said counsel may rely upon the certificates of the President and Secretary or any director of Liberian International as to the conduct of the business of Liberian International, and upon the certificate or certificates of the applicable governmental authorities as to the good standing of Liberian International.

4. (e) Base Metals shall have received from counsel in the Republic of Liberia satisfactory to it a favourable opinion, also satisfactory to it, as to:

(i) the granting of the Concession and that the Concession Agreement is a valid and binding agreement enforceable against the parties thereto in accordance with its terms and that the Concession is in good standing;

(ii) the due incorporation, organization, existence and good standing of Kitoma under the laws of the Republic of Liberia;

(iii) the corporate power of Kitoma to hold, finance, manage and operate the Concession;

(iv) the due authorization, execution and delivery and the validity of any and all agreements entered into between Kitoma and Detwiler and others relating to the financing, management and operation of the Concession and the allotment, issue and delivery to Liberian International of the aforesaid 750,000 B shares of Kitoma; and

(v) the exemption of the sale and delivery of the 750,000 B shares of Kitoma from the requirements of any applicable statute relating to corporate securities or compliance with such statutes.

In giving their opinion under this paragraph 4 (e), the said counsel may rely upon the certificates of the President and Secretary or any director of Kitoma as to the conduct of the business of Kitoma, and upon the certificate or certificates of the applicable governmental authorities as to the good standing of Kitoma.

4. (f) The directors of Base Metals shall be satisfied on the basis of the reports received prior to the Closing from Mackay & Schnellmann Limited that the existence of a mineable ore body on or under the Concession is indicated and that a program of development work for further assessment of the Concession is recommended and in their view is fully justified.

4. (g) The shareholders of Base Metals at a special general meeting of shareholders shall have:

(i) authorized, approved and confirmed the execution and delivery of this agreement and the purchase by Base Metals of the aforesaid 450,000 shares of Liberian International upon the terms and subject to the conditions set forth herein; and

(ii) sanctioned and confirmed a by-law passed and enacted by the directors of Base Metals providing substantially, subject to confirmation by supplementary letters patent, for the consolidation of the shares without nominal or par value in the capital stock of Base Metals issued and unissued on a one for seven basis so that the authorized capital of Base Metals shall consist of 1,285,714 shares of which 1,017,857 shares will be outstanding, for the increase in the authorized capital of Base Metals from 1,285,714 shares to 10,000,000 shares, and for changing the name of Base Metals to Canadian-Liberian Base Metals Ltd. or such other name as may be approved by the Secretary of State.

4. (h) Supplementary letters patent shall have been issued to Base Metals confirming the by-law referred to in paragraph 4 (g).

4. (i) This agreement and the transactions referred to herein shall have received all necessary approvals of all stock exchanges on which the shares of Base Metals are listed and the approval of any other regulatory bodies having jurisdiction.

4. (j) Liberian International shall have received from Messrs. Fasken, Calvin, MacKenzie, Williston & Swackhamer, counsel for Base Metals, a favourable opinion satisfactory to Liberian International as to:

(i) the due incorporation, organization, existence and good standing of Base Metals under the laws of Canada;

(ii) the corporate power of Base Metals to carry on its business as now conducted and to enter into this agreement;

(iii) the due qualification of Base Metals to hold its assets and transact its business and its good standing in each jurisdiction where the nature of the business transacted and assets owned by Base Metals make such qualification necessary;

(iv) the issue to Base Metals of the supplementary letters patent referred to in paragraph 4 (g) and that the authorized capital stock of Base Metals consists of at least 10,000,000 shares without nominal or par value of which not more than 1,167,857 shares (after giving effect to the issue of the 150,000 underwritten shares referred to in paragraph 2 (b) ) have been issued and are outstanding as fully paid and non-assessable;

(v) the due authorization (including without limitation, any consent of the shareholders required by law or by the letters patent, supplementary letters patent or by-laws of Base Metals or otherwise), execution and delivery and the validity of this agreement and the allotment, issue and delivery (subject to escrow) of 1,000,000 shares to Liberian International;

(vi) the exemption of the sale of the 1,000,000 shares of Base Metals from the requirements of any applicable statute relating to corporate securities or compliance with such statutes; and

(vii) the approval of this agreement and the transactions referred to herein by all stock exchanges on which the shares of Base Metals are listed and by any other regulatory bodies having jurisdiction.

In giving their opinion under this paragraph 4 (j) the said counsel may rely upon the certificates of the President and Secretary or any director of Base Metals as to the conduct of the business of Base Metals, and upon the certificate or certificates of the applicable governmental authorities as to the good standing of Base Metals.

4. (k) The representations and warranties contained in paragraphs 1, 2 and 5 of this agreement shall be true on and as of the Closing and Liberian International and Base Metals shall deliver to each other at the Closing certificates of their respective officers to this effect.

5. Liberian International and Base Metals severally represent to, warrant to and covenant with each other that the shares purchased by them hereunder are being acquired for investment only and not with a view to distribution or re-sale.

6. (a) All covenants, representations and warranties contained herein or made in writing by Detwiler, Liberian International or Base Metals in connection herewith shall survive the Closing.

6. (b) All covenants and agreements in this agreement contained by or on behalf of any of the parties hereto shall bind and enure to the benefit of the respective successors and assigns of the parties hereto whether so expressed or not.

6. (c) All notices or other communications hereunder shall be sent by first class mail addressed to the parties hereto at their respective addresses set forth on the first page hereof or to such other address with respect to any party as such party shall notify the others in writing.

6. (d) This agreement replaces and supersedes the letter agreement between Detwiler and Base Metals dated October 9, 1964, and the agreement between the parties hereto dated November 20, 1964 which agreements are hereby rescinded.

6. (e) This agreement is being delivered and is intended to be performed in the Province of Ontario and shall be construed and enforced in accordance with the laws of such province.

IN WITNESS WHEREOF the parties hereto have executed these presents.

SIGNED, SEALED AND DELIVERED  
in the presence of:  
JACK WEISSBLUTH, C.P.A. (3)

LOUIS EDGAR DETWILER  
LIBERIAN INTERNATIONAL AMERICAN  
CORPORATION  
Per: L. E. DETWILER, Pres.  
Per: B. HASSAN, Asst. Secy.  
BASE METALS MINING CORPORATION  
LIMITED  
Per: K. P. TATULIS, Pres.  
Per: R. D. BELL, Sec.-Treas.

#### EXHIBIT "A"

1. Certification of Eastern & Chartered Trust Company to Base Metals Mining Corporation Limited dated November 20, 1964 as to escrowed shares.
2. Agreement made June 17, 1964 between Vancouver Island Base Metals Limited, a subsidiary of the Company and William Howden together with a supplemental agreement made as of the same date between the same parties.
3. Agreement made March 9, 1964 between Base Metals Mining Corporation Limited and London Pride Silver Mines Ltd.
4. Agreement made as of March 1, 1965 between Base Metals Mining Corporation Limited and L. J. Forget & Co. Ltd.



## Schedule B to Information Booklet

# Base Metals Mining Corporation Limited

### BY-LAW NO. 26

being a by-law changing the name of the Company, consolidating the issued and unissued shares of the Company, and increasing the authorized capital of the Company.

WHEREAS it is desirable to change the name of the Company to Canadian-Liberian Base Metals Ltd. or to such other name as may be acceptable to the Secretary of State of Canada;

AND WHEREAS the authorized capital of the Company consists of 9,000,000 shares without nominal or par value of which 7,125,000 shares have been issued and are outstanding as fully paid and non-assessable;

AND WHEREAS it is considered desirable to consolidate the shares of the Company, issued and unissued, and to increase the authorized capital of the Company, all as hereinafter provided.

NOW THEREFORE BE IT ENACTED AND IT IS HEREBY ENACTED as a By-law of the Company as follows:

1. Subject to confirmation by supplementary letters patent:
  - (a) the name of the Company be and is hereby changed to Canadian-Liberian Base Metals Ltd. or such other name as may be approved by the Secretary of State of Canada;
  - (b) the 1,875,000 authorized and unissued shares without nominal or par value in the capital stock of the Company be and are hereby consolidated into 267,857 authorized and unissued shares without nominal or par value in such manner that each seven of the said 1,875,000 shares shall be one share;
  - (c) the 7,125,000 issued and outstanding shares without nominal or par value in the capital stock of the Company be and are hereby consolidated into 1,017,857 issued and outstanding shares without nominal or par value in such a manner that each seven of the said 7,125,000 shares shall become one share; provided, however, that any person who on the date of the issuance to the Company of the supplementary letters patent confirming this by-law is a registered holder on the books of the Company of a number of shares not divisible by seven shall not be entitled to be entered on the said books of the Company as the holder of a fraction of a share in respect of the odd share or shares held by such person or to receive a certificate therefor, but in lieu thereof any such person shall be entitled to receive in respect of such odd share or shares on the surrender of a certificate or certificates representing presently issued and outstanding shares without nominal or par value in the capital stock of the Company a non-voting and non-dividend bearing transferable fractional certificate or certificates to bearer in a form approved by the board of directors of the Company representing one-seventh of a share and entitling such bearer to receive upon the surrender of such fractional certificate or certificates accompanied by similar fractional certificates sufficient on consolidation thereof to make up a whole share, a certificate representing one share; such fractional certificates shall not entitle the bearer thereof prior to surrender thereof for consolidation as aforesaid to any dividends in respect of the fraction of a share represented thereby;
  - (d) the authorized capital of the Company be and is hereby increased by the creation of 8,714,286 additional shares without nominal or par value ranking pari passu with the shares without nominal or par value resulting from the consolidation aforesaid so that the authorized capital of the Company shall consist of 10,000,000 shares without nominal or par value of which 1,285,714 shares will be issued and outstanding as fully paid and non-assessable. The aggregate consideration for the issue

of the said 10,000,000 shares without nominal or par value shall not exceed in amount or value the sum of \$11,000,000 or such greater amount as the board of directors of the Company may deem expedient and as may be authorized by the Secretary of State of Canada on payment of the requisite fees applicable to such greater amount.

2. The Company be and is hereby authorized to make application to the Secretary of State of Canada for supplementary letters patent confirming this by-law.

3. The directors and/or the proper officers of the Company be and are hereby authorized and directed on behalf of the Company to sign and execute all documents and to do all things necessary or advisable in connection with the foregoing.

ENACTED this 17th day of March, 1965.

WITNESS the corporate seal of the Company.

K. P. TATULIS  
President

R. D. BELL  
Secretary

c/s





